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GROUP INSURANCE



By

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Superintendent Group Department

THE TRAVELERS
HARTFORD, CONNECTICUT

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THE INDUSTRIAL-RELATIONS DEPARTMENT



THE *Industrial-Relations Department*, or *Personnel Administration*, is an important and inseparable phase of the whole problem of relationship in industry. The entire problem, indeed, in its final terms, is simply one of relationship, the relationship of employer to employee, the relationship of production to human effort. The professional cast of mind is needed to meet these problems, and there is being developed a leader type of man—engineer of humanities—to work them out by co-ordinating the distinct, and at times conflicting, interests.

Leadership is the fundamental function of personnel work. The character or standing of an organization of employees is determined by the character of its leadership; and likewise is the character of an industry so determined.

To study human nature, to discover the right lines for co-operation and so obtain leadership, is the profession to be practiced by the personnel worker. Leadership, without question, means service. Only as the capacity for service grows will industrial-relations effort be headed in the right direction. This is the one supreme aim of industry; the making of an admirable and symmetrically developed humanity that will in turn realize the greatest economic profit.

Industrial relations begin with employment.

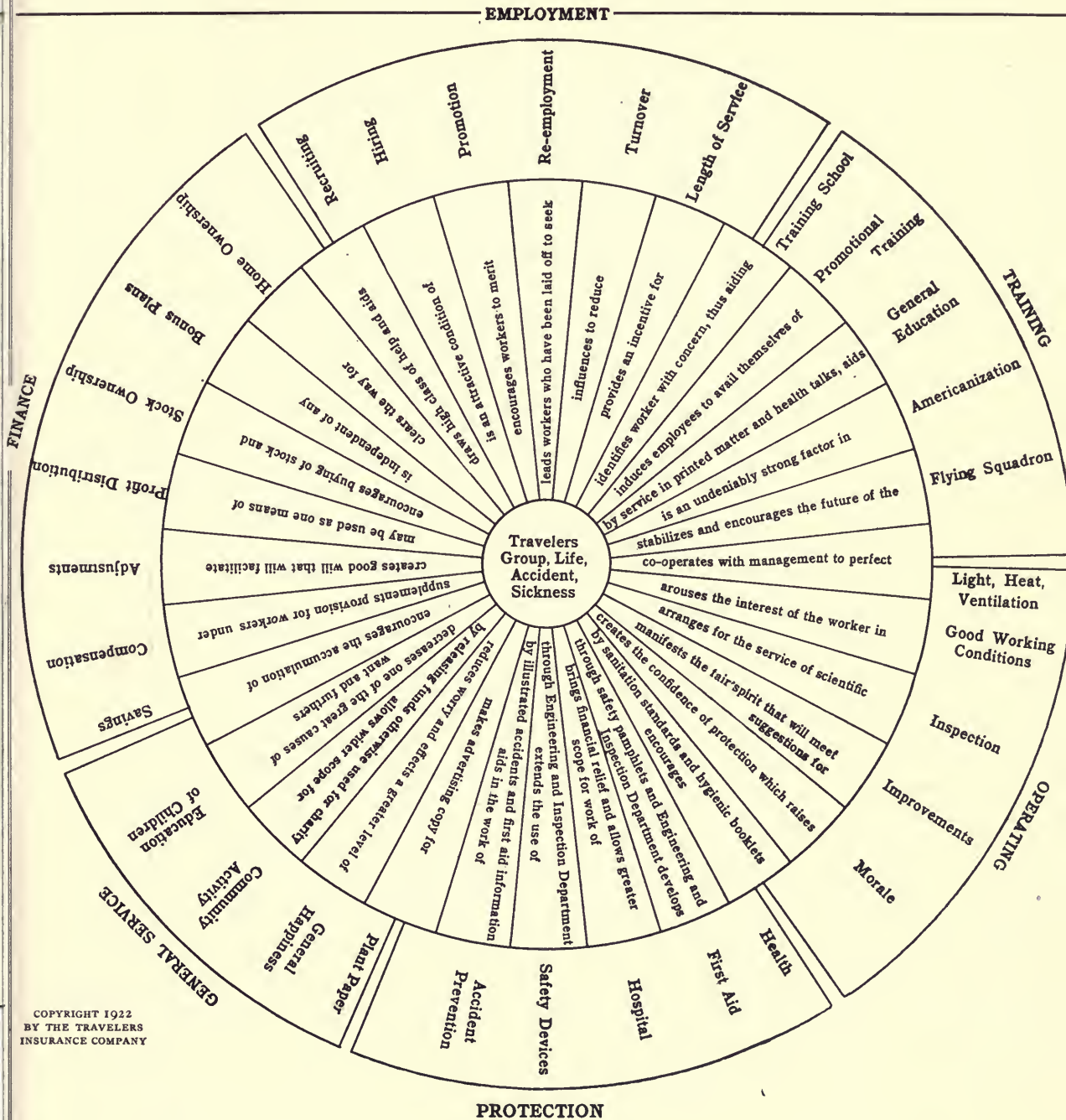
The employment department is the first letter in the alphabet of personnel management. The employment man has been fully occupied if he has looked well to a careful selection of the employees and the proper training of applicants so as to be ready with a competent reserve corps to make any necessary adjustments in the force retained, including at the same time a plan which involves promotions or demotions where and when necessary.

A phase of the work which has been, during the readjustment period, no less-essential than hiring has been that of laying off. To do this with the least amount of friction in the producing departments and the least amount of resentment on the part of the losing employees has called for super-tact and judgment, for many questions have arisen in the case of each individual: Is he one that the company is more willing to part with than some other? Has he dependents? Does he reside in the community and therefore contribute to the business of the community?

For the Industrial-Relations Department there has been, also, the important work of maintaining such essential activities as the council, the shop organ, and the benefit association, and of organizing various shop committees.

A report of a self-appointed committee representing the executives of a score of the largest industries in the United States has recently been published and privately distributed, covering a thorough investigation of the relations

The Radiating Influences of Group Insurance



How a Travelers Group Insurance Policy Affects the Main Interests of an Industrial-Relations Department in Modern Industry

which the employer should bear to the employee. The following view has been expressed in a report of this conference:

"Working men and the public, while recognizing the necessity for reduction in wages, will resent reactionary moves such as unduly increasing the number of working hours in the week or eliminating the safeguards of extra payment for overtime and for work on Sundays and holidays. Reactionary moves pave the way for future labor troubles and antagonism or suspicion toward management. The value of personnel and employment work is apt to be questioned during industrial depression. Any existing frills should be cut off, but the fundamentals of such work are proving themselves more and more valuable to all corporations, and while curtailment of the expense of such departments must be expected when engineering, production, and sales are suffering, any decision to do away with the work of these departments entirely is most unwise, since they are able to render invaluable service to both employees and management during periods of unemployment."

*THE INDUSTRIAL-RELATIONS DEPARTMENT
AND GROUP INSURANCE*

If, then, the executives of prominent corporations go on record as being convinced of the indispensability of industrial-relations activity in general, we are immediately concerned with

the position held by such an institution as Group Insurance in regard to its usefulness to industrial relations. Like the industrial-relations department, which has the double phase of direct concern with the well-being of the employee and an immediate effect on production, Group Insurance has a two-fold function.

First, the problem of industrial relations not only has wages as its basis, but requires an understanding of the relations existing between wages and the rest of the financial framework, and an arrangement of a mutual agreement as to the fairness of wages. But over and above wages the worker seems to desire to participate somehow in the profits realized by his concern.

This can be considered, perhaps, a logical expectation on the worker's part, provided he gives more to production than the labor of his hands; provided he gives co-operation and identifies himself with the interests and personality of the concern and the industry he is engaged in. *Head-interest* as well as *hand-interest* on the part of employees is the desired attainment of the personnel manager. Group Insurance will function, to the pronounced satisfaction of the worker in meeting certain desires on his part for profit-interest, because it is simple in plan, is easily understood by the employee, and after his decease gives his wage either in whole or in part to his dependents.

In establishments where there is no employees' contributory benefit fund or any Group Insur-

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ance, the employer is often obliged through sheer humanness to grant a death benefit to the dependents of an employee who has died. A surer method, and certainly a more business-like plan, is to insure the dependents of any employee against the acceptance of any charity. Further, it is better to know definitely each year the amount of the charge, as with Group Insurance, than to continue in uncertainty of the amount which the management is going to feel it necessary to pay at the death of an employee.

Second, Group Insurance functions in conditions of employment, which, generally accepted, are, briefly, hours and wages, health and safety provisions and proper working conditions, including fire-prevention, accident-prevention, ventilation, lighting, and sanitation. Health and safety are procured through education, the impressing of foremen with their responsibility, safety publicity, employees' suggestions, and the like. Danger from fire is reduced through the provision of proper aisles, exits, fire drills, and fire-proof containers for scrap and chemicals. Accidents are prevented to a great extent by proper attention to elevators, transmission belts, flywheels, punch and drill presses, exhaust fans and all hazardous devices.

The maintenance of a safety committee in a plant is one of the strongest influences in the entire organization. This invites the co-operation of the employees and holds their attention,

because such committees are made up of their own comrades, and membership is considered an honor. The latest safety ideas and devices should be brought to the attention of the management through the safety committees, because an incentive for investigation is provided and the continued attention to developments as they come along is obtained.

To all these right conditions of employment and personnel management Group Insurance adds that of mental health and freedom from certain anxiety. It dispels the fear of the unprovided-for family in case of death or poverty due to permanent disability, sickness, or accident. The mass of unskilled workers are inherently improvident. Only 30 per cent of the workers in this country are insured for more than \$500. Of the remaining 70 per cent, 60 per cent have no insurance at all. It is for these who stand facing the last extremity unprotected that Group Insurance has been planned. It meets their need. Because these unprotected ones are a part of industry they may be made to benefit by a plan made expressly for them. For this reason industrial-relations managers should analyze the functions of Group Insurance and should consider it in relation to their personnel service.

< To install Group Insurance is to place the seal of sincerity upon the entire industrial-relations enterprise. > The success of this department cannot be measured alone by the multiplicity of its activities or the achievements in progres-

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sive equipment and facilities, but must also be measured by the amount of actual comfort and peace and happiness brought to the minds of men and women.

Men and women are the primary concern of the department of industrial relations. Men and women are quick to question the fairness of the conditions under which they must work. Our life is what our work is. Those of us who work wholeheartedly are giving our lives to our work. The men and women in an industrial establishment are giving their lives to their work. Their work determines the entire bias of their lives. The conditions of their work should provide for the needs of their lives. Of as great need to the provider as the day's food and shelter is a provision for the protection and care of his family or other dependents, should he, the provider, be taken from them. His work makes possible the comfort of his wife and children while he is giving of his best to it; that it should continue to do so after death, to some extent at least, is certainly as fair a condition of employment as any of the more generally considered conditions, such as wages or safety.

To incorporate a plan of Group Insurance into the industrial-relations department, then, adds one more element of fairness, an element far-reaching in its influence on the attitude of the worker, the goodwill of the worker's family, and the ultimate effectiveness of industrial-relations efforts in realizing the complete well-being of the working organization.)

< Group Insurance puts a soul into industrial-relations activities. It touches the most vital interest of the worker. It affects the worker, it affects the family, it affects the functioning of industrial relations. It moulds and holds the mind of the worker in channels leading to his greater mutual profit and happiness. > Some idea of the extent of its effect can be had by a glance at the chart which accompanies this argument. A circle is comprehensive and emblematic. Group Insurance is in the plane of the circle of industrial relations. The radii represent influences in the attainment of the chief ends of personnel management.

GROUP INSURANCE

< At the second industrial conference at Washington, Group Insurance was adopted as one means of alleviating the labor-social problem. The goodwill engendered between managers and workers through a group contract, it was suggested, in itself justifies the insurance. > "Goodwill is productive", says Professor John R. Commons, "not in the sense that it is the scientific economizing of the individual's capacities, but because it enlists his whole soul and all his energies in the thing he is doing. Since the 13th amendment of the Constitution, the labor contract has become a contract terminable at will. The labor contract is new at every turn of the work being done. The laborer is bargain-

ing while he is working, and his tacit offer to the employer is the amount of work he is turning out." In the convention held in November 1921 by the Industrial Relations Association of America and also of the American Academy of Political Science, the outstanding thought was that there must be a cure for the distrust and mistrust prevalent in industry and that "goodwill" must be established before industrial peace can be attained and maintained. It is not contended that Group Insurance is the one means of establishing "goodwill", but it is known that its effect to that end has been pronounced.

✓ In a letter to the Group Insurance Department of The Travelers Insurance Company, J. K. Wise, Manager of Industrial Relations at the American Multigraph Company at Cleveland, Ohio, writes:

✓ (3) "There is no question but that Group Insurance is one of the solutions of how to keep employees on the job, which means improved production due to efficiency resulting from experience and habit." The cost is small, in some cases running as low as one to two cents per day per employee.

"In every instance the employee is the one who benefits. Under the Group plan, in case of death, both employee and employer benefit before and after. First, due to the fact that there are no payments for either the wife or husband to make, and then again in the protection present at time of death.

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◁ "The contentment of a group of individuals is a direct benefit to the community at large. There is no greater satisfaction than knowing that there is protection at time of death. Henceforth, there is a pronounced improvement in the direction of the economic standpoint. In our own case, we have found that five of our six payments took care of conditions where immediate attention was required which was only made possible through twenty-four hours service of settlement. In fact, we found it thrust upon us at one time to handle the entire burial service, etc.

◁ "Another fact showing that Group Insurance is obviously in favor with the employee is that approximately 20 per cent of our employees would be unable to buy life insurance due to their physical condition. Our presenting them with something which they are unable to procure for themselves, automatically shows a marked improvement in mental attitude.▷

"The fear of charity in the event of a worker's death is a bugbear to those who could not procure protection. We had been in the habit of presenting certain of our employees with Christmas remembrances in the way of cash returns. This we discontinued at the time of our taking up the group insurance plan. Instead, we presented a policy of insurance to all employees. These policies ranged from \$500 to \$2,000 dependent upon length of service.

"With the employees who had been receiving cash remembrances, this was not received the

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way we expected, but with those who were older in years and in the majority of our force, the return was instantaneous. Immediately there was a bond of sympathy welded between the employee and the employer and the prompt settlement of our first claim was the deciding test of success or failure.

①-1 < "The thought in the mind of the average family that the firm is interested in the welfare of the wife and children, creates a feeling of loyalty which acts very favorably to the interests of the employer. > At various times we have been very pointedly asked as to what are the results in increased production through Group Life Insurance, in other words, dollars and cents. To my mind, this is a very foolish question, and we do not attempt to say that it has improved production plans.

< "We do know that a satisfied workman is a good workman, and that is our aim in our industrial-relations work. Our policy is to be fair and just to all, and to do unto others as we would have them do unto us, and we feel that the future will take care of itself. >

"While we are at it, I personally want to thank The Travelers Insurance Company for the excellent co-operation and assistance they have rendered us at time of claim settlements, and I wish that I could tell you what nice things we have heard from our employees in regard to our Group Insurance plan."

The social creed of John D. Rockefeller is given in a masterful statement:

"I believe that that man renders the greatest social service who so co-operates in the organization of industry as to afford to the largest number of men the greatest opportunity for self-development and enjoyment by every man of those benefits which his own work adds to the wealth of civilization."

Only the man too busy to think sees nothing but the present; only the man with regrets sees nothing but the past; only the speculator sees nothing but the future. The practical economist, however, is the man who continuously looks forward, never losing sight of the past or the present with their unmistakable effects upon the future. Serious economists of today can show almost precisely the way to future prosperity and industrial peace. Good business results in any industry are seldom the result of accident. Ideal human relations will be the controlling influences in maintaining prosperity. The promise of prosperity is realized to a great extent under relationships which are sustained by a spirit of goodwill.

The adoption of Group Life or Group Sickness and Accident Insurance is a measure calculated to create goodwill in an industry. There is unlimited proof of this in the form of testimonials from policyholders. Employers who adopt Group Insurance will adopt also goodwill. There is no better investment in the interests of ultimate prosperity.

"Look up, not down; look out, not in; look forward, not backward; and lend a hand."

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Appendix

< A study of the activities conducted in the interests of industrial relations leads to the following conclusions which reaffirm the statements contained in the circular chart.

EMPLOYMENT

1. Recruiting.

Group draws a high class of help, thus aiding recruiting. This is particularly true when business conditions *are prosperous* and *when there is consequently more competition among employers for labor*. It is true under present conditions because a worth-while employee prefers to work in a plant that has Group Insurance; he is the man of a thrifty, steady turn of mind and has the idea of staying permanently with the company. And today when there is an intensity in the problem of labor supply, the value of a dependable, trained employee of long standing is not lost sight of by employers.

2. Group is an attractive condition of hiring.

Good conditions of employment must exist—not only for the purpose of drawing labor, but because only good conditions are just. The conditions of hiring determine with what spirit the new employee will enter the organization.

When he has come to terms over reasonable wages and hours and is made to understand that as soon as he has proved his dependability he will be admitted into the company's plan of security and protection he will have no complaints to make on the score of his reception and initiation. His passage through the employment department makes him an asset rather than a liability. >

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3. *Group encourages workers to merit promotion.*

In many factories there is followed what is known as a system of promotions and transfers. The jobs have been analyzed and time-studied and specified to find their actual conditions, exactions, speed, and requirements of physical or mental power to the end that a status and rate might be given to each. Charts of the jobs in their promotional and transfer relationship are then made and placed where the employee may read them and locate his own position and see its relation to the organization as a whole. A man may, therefore, see just how far he has travelled and how much further he may go, or follow the transfer lines to see what other jobs he could do with no additional training. It is reasonable to assume that by other gratifying conditions of employment and an ever-increasing Group Insurance policy, the employee would be strongly urged on in his ambition to move up a space or two each year on that promotion chart.

4. *Group leads employees who have been laid off to seek re-employment.*

The effect of a Group Insurance policy in an organization as we have repeatedly been told by our Group Assured employers is an increased loyalty. Naturally, a man seeking re-employment would wish to go back to his former position, if he held that position under the best of working conditions and had become accustomed to the fair treatment that would prevail in an organization where Group Insurance had been adopted. Next in value to an old and trusted employee within the organization is the applicant for employment who has formerly been employed but has been unavoidably laid off.

5. *Group Insurance to reduce turnover.*

This argument is *worthy of consideration by employers today* as it has been testified repeatedly in the past that turnover has been reduced after the installation of Group Insurance. This we hold as one of the valuable effects of Group because with business more prosperous, the labor market has begun to contract, and competition for labor has been the result. *End*

6. *Group provides an incentive for length of service.*

The same reasons that would induce a man to seek re-employment at his old job would encourage him to remain at that work while employed. Moreover, since 95 per cent of our Group policies

	<p>are on the service plan and since it has been found that labor turnover is always greatly reduced after the installation of the Group Insurance policy it is safe to conclude that the annual increase in the face amount of insurance has a great influence in holding a man in the service of the organization where his insurance has increased and is steadily mounting higher.</p>	
	<p style="text-align: center;"><i>TRAINING</i></p> <p>1. <i>Group identifies the worker with the concern, thus aiding the training school.</i></p> <p>Many factories, business houses and public service corporations have training schools for new employees or a system of training on the job under the supervision of designated instructors. In many instances, the training school is necessary because of the nature of the process of manufacture. In others, the training school is maintained because of the added efficiency gained by the individual. In either case, advantage is taken of the period spent in training to acquaint the employee with the company traditions, policies and opportunities.</p> <p>The ultimate purpose of the training school is to impart to the employee a feeling of unity with the company, to make him understand that the company is interested not only in his work but in his general well-being, to identify him with the organization. When the employee has passed through the required waiting period</p>	

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	<p>and then becomes a participator of the Group Insurance policy along with the rest of the employees certainly a sure foundation for loyalty has been laid which we know pays the firm in the long run for these firms are investing for good profits, not conducting a system of uplift work.</p> <p>2. <i>Group induces employees to avail themselves of promotional training.</i></p> <p>There has been much concern among those who are occupied with the management of labor over the monotony of work as it is seen in industries where minute subdivision of labor comprises the method of manufacture. It is realized that to people of spirit simple and monotonous tasks become very irksome. With a little practice the operation becomes habitual and involves very little of the thought or even the attention of the worker. Under such conditions it is not to be wondered at that workers become embittered and are ready enough to allow themselves to be persuaded that they are receiving injustice and abuse at the hands of those who control capital.</p> <p>One method used by many personnel managers to overcome in part this problem of monotony is to plan for promotion. Promotion, however, is merited only by proof of ability. This may be shown at the end of certain promotional training if the employee is not equipped to start with. Promotional training is conducted in many plants, especially in the larger corporations.</p>	

In the same way that a man would be prompted to make particular efforts to attain promotion with the encouragement of all other conditions including a Group Insurance Policy, Group Insurance would influence in inducing him to register for courses conducted under a promotional training system, thus making of him a more efficient and loyal employee.

3. *Group Insurance by service in printed matter and health talks aids in general education.*

Many factories conduct some sort of educational plan with the aim of building up the most efficient working organization procurable. That our printed matter is of great value is proved by the number of requests that come from our Assured for supplies of this material and by the letters of acknowledgment from those to whom we distribute supplies of printed matter without having been requested. Dr. Case of The Travelers has given health talks at factories and is ready to serve any of our Assured in this way when it is desired. The health campaign in some factories never lets up. Very often these particular organizations find this health service one that they would gladly make use of because it offers one more item of variation to be added to their campaign program.

4. *Group is a strong factor in Americanization.*

Americanization is a highly developed activity in labor management. The underlying idea

	<p>in Americanization is to wake up the new prospective citizen out of his old-world lethargy into a realization of what American ideals stand for and what his opportunities are. Many foreigners live with large groups of their own countrymen in sections of towns where they hear no English and see no American ways of living so that they are not part of the new nation at all even if they have immigrated to a new country. If the employer can make such employees understand the interest taken by industry in them the employees will the more readily feel their identity with the nation and will be more immediately concerned with the taking out of their citizenship papers and their significance.</p>	
	<p>✓ "Having specialized in Americanization work with many nationalities of cosmopolitan Boston, we felt that group insurance was particularly valuable from the standpoint of the immigrant in industry, not only as a stabilizing but as an Americanizing force, since group insurance is typically American." This was said by Philip Davis for ten years head of the Civic Service House of Boston.</p> <p>5. <i>Group stabilizes and encourages the future of the flying squadron.</i></p> <p>In many concerns there is maintained what is known as a flying squadron. This is composed of a number of the younger men or boys and young women. These people are trained for service in several departments, are given</p>	

special lectures and courses of training to fit them for carrying on various phases of the work. This makes the organization elastic in its functioning because within it are to be found individuals who hold themselves ready for any sort of emergency. At the same time they are the material for future foremen and executives. A company does not like to lose an appreciable percentage of the flying squadron. A Group Insurance policy will have its effect in holding these younger people to their jobs since it provides an increasing amount of insurance which will co-operate with the plan of promotion to make the future with the company worth while staying for.

OPERATING

1. *Group co-operates with the management to perfect light, heat and ventilation.*

The dark and unattractive workshop is the fate of many thousands of workers but is gradually becoming a thing of the past. Today when we visit the more recently built factories, we are impressed by the amount of daylight that has been allowed to brighten up the factory lofts. The old idea was to have solid walls and as few windows as possible. All new factories seem to be built almost practically of glass. Often the impression that might be received is that the building itself is but a framework for glass walls.

Many owners of factories of a less modern type regret extremely that they have not as good lighting and heating systems as are available and it is their intention to reconstruct fully their old buildings or erect others when the conditions of their business justify such measures. The Travelers service of inspection or consultation and advice such as may be obtained from our Engineering and Inspection Division and Research Department is ready to meet problems of this kind.

2. *Group arouses the interest of the worker in good working conditions.*

The Travelers service of printed matter includes all kinds of health pamphlets and safety posters. These direct the employee's attention to his personal health, to healthful conditions of work and to conditions of safety in and around the factory. If the Group Insurance policy unites an employee with the organization he will become more interested in living up to the factory rules and regulations and in holding himself responsible for the up-keep of general good conditions of safety and sanitation.

3. *Group arranges for the service of scientific inspection.*

This inspection may be provided by the Engineering and Inspection Division at a slight additional cost. Beside the Preliminary Inspection with its recommendations on the part of

the Travelers inspector, the service of a more thorough inspection by specialists of much experience with the Travelers organization is offered to the employer who is really desirous of constructive criticism and profitable advice. The use of the Travelers Engineering and Inspection Division is offered to all Group Policyholders in a consultative way without cost.

4. *Group manifests the fair spirit that will meet improvements.*

An employee of an organization where a Group Insurance policy is in force is conscious of a spirit of friendliness and goodwill and is for that reason encouraged to suggest improvements when he is invited to do so and will do so with the knowledge that his recommendation will be given fair consideration and action when justifiable.

5. *Group creates the confidence of protection which raises morale.*

Every increase in the economic security of a body of people naturally reduces cause for worry and directs their minds away from anxiety into more positive and constructive activities. With the fear of unprovided-for sickness and disability or accidental death and an unprovided-for old age removed, a man or woman, in a more hopeful disposition, may devote effort and money to the more gratifying pursuits of acquisition and saving.

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PROTECTION

1. *Group by sanitation standards and hygienic bulletins encourages health.*

The purpose of our hygienic booklets on sanitary standards is to convey certain principles of health both to employees and employers. They may be used as text books in certain classes conducted under the educational schedule of factories. In any case, their message always reaches at least a few out of many and in this way the general health of the organization is promoted.

2. *Group through safety pamphlets and the engineering and inspection division of The Travelers encourages first aid.*

There are very few factories now that do not have a first aid service either in the form of a hospital fully equipped and conducted under the supervision of nurses or a first aid room or simply a first aid kit kept in some convenient corner for the use of the employee if the need arises. Our Engineering and Inspection Department is always up to the minute on the latest methods of safeguarding machinery and can quickly detect the possibilities of danger that have gone unnoticed by employers. The safety pamphlets and posters issued by The Travelers draw the attention of employees to more careful methods and thus collaborate with the first aid service provided by the organization.

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| | <p>3. <i>Group brings financial relief and allows the greatest scope for the work of the hospital.</i></p> <p>In many industrial communities it has often devolved upon the hospital department of a factory to take over the family difficulties at the time of the death of an employee. This, of course, entails much expense. With the Group Life Insurance Policy the hospital department will not be subjected to sudden and unprovided for expenditures of this kind and will find itself more free to install better equipment or a new line of activity to be of more general benefit.</p> <p>4. <i>Group through the Engineering and Inspection Division extends the use of safety devices.</i></p> <p>The Travelers engineers are particularly well-informed concerning the principles of safety in the operating of machinery. Because of their wide experience and continued observation they may recommend certain new devices that have not been thought of previously by the employer. Travelers safety literature induces employees to heed the presence of these devices and to make use of them.</p> <p>5. <i>Group by illustrated accidents and first aid information aids in the work of accident prevention.</i></p> <p>It is to the interest of every concern to keep its accident record as small as possible. This for the sake of public reputation and the opinion</p> | |
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of the employees and for Compensation liabilities or the Compensation Insurance experience. The illustrated accidents and first aid information distributed through the Group Department in connection with Group Insurance policies should have the effect of reducing the number of accidents because of information imparted along the lines of safety and personal health.

GENERAL SERVICE

1. *Group makes copy for the plant paper.*

The death of an employee is usually mentioned in the plant paper. Where there is a Group Insurance policy, the payment of the death claim may also be told of. This brings to the minds of the employees the value of Group Insurance and increases their appreciation of the arrangement.

2. *Group reduces worry and affects a greater level of general happiness.*

A great philosopher has said that the measure of a nation's happiness should be taken by the number of happy individuals in it. The same may be said about the happiness of an industrial organization. It is measured by the number of happy individuals it contains. It is no little thing for a wife to know that she and her children are to be taken care of in the event of her husband's death or total disability. This means that the organization has become a dispenser of happiness not only to its immediate

	<p>members but has extended its happy influence to the family of such members and establishes on the part of the company a policy of willingness to give before it expects to get.</p> <p>3. <i>Group decreases the necessity for much of the charity element of community activity.</i></p> <p>Among the working people there are many hundreds who are very near if not on the poverty line. Their income barely stretches over their needs from week to week. In the case of the death of the wage-earner there is no reserve to fall back upon and the kindness of neighbors or the community charity dispensers must be called upon to bear the burden of the expenses involved. When considering people in this class one of the great arguments for Group Insurance is that it enables a family to keep its self-respect at a time of misfortune and that meanwhile this same self-respect may be conserved because of a knowledge that the family is independent of charity. Philip Davis, quoted above, has watched the effects of Group Insurance on the welfare of a community. He records his observations in the following words:</p> <p>"It is a genuine pleasure to note the tremendous growth of the group insurance idea and movement.</p> <p>"From the standpoint of social work, this highly important phase of protective and preventive insurance against the hazards of industrial life, sickness and accident, is extremely significant.</p> <p>"Social workers to my own knowledge have</p>	

again and again endorsed group insurance, and have advocated it for some time.

"Personally, as the head of the Civic Service House of Boston, a social settlement which has for many years specialized in social work with various types of industrial groups of many nationalities, I have had the privilege of addressing numerous industrial groups all over New England, and was always glad to say a good word both inside and outside of the plant, in favor of group insurance."

4. *Group decreases one of the great causes of want and furthers the education of children.*

In the numerous extreme cases of destitution of families through the death of the wage-earner, the older children are taken from school and allowed to go to work at anything that will bring in a little to help relieve the tenseness of the financial situation of the family. Where there are the funds from a Group Insurance Policy there is no sudden and excited realization of destitution and time may be taken to consider what may best be done. Meanwhile, the children remain at school and are taken out only after a thoughtful decision that this is the best measure in the extremity.

FINANCE

1. *Group encourages the accumulation of savings.*

A man should take great satisfaction in knowing his accumulation of savings will not suddenly

disappear to defray the expenses and pay off debts in case of his sudden death, or that the same savings would, of course, have to be used in the case of his becoming totally disabled. In other words, if he has a certain purpose for his savings—such as the purchase of a home or the education of his children, that purpose may still be carried out to the extent of the savings even though he is no longer living. With Life Insurance provided, together with Accident and Sickness Insurance, the employee is free to purchase additional insurance for life or property.

2. *Group supplements the provision for workers under Compensation.*

A Group Insurance Policy completes the coverage upon the life and earning capacity of a workman while he is in the organization that carries such a policy. It secures protection to the employee at all times when the employee is not at his work, thus supplementing the benefits under Compensation Insurance.

3. *Group creates goodwill that will facilitate adjustments.*

At the head of the list of labor problems always stands the item—wages. This is the most frequent bone of contention. It is usually at the bottom of every industrial dispute and misunderstanding arising, as is illustrated by the recent railroad strikes and threats of strike.

Hours come in as a pretty close second. These two conditions of industry have always been the basic ones, have always given rise to much discontent and misunderstanding, have occupied the attention of the foremost leaders of labor and management and economic thought for over one hundred years, and as yet no definite measure has been found that all agree is under all circumstances equitable.

In the best run organizations where the fairest spirit prevails, questions on these points are bound to come up. This is both natural and wholesome. With the progress of an industry and the progress of the man within that industry, new adjustments must continually be made. It is the spirit with which both sides meet each other that determines how much trouble will be involved in the effecting of a readjustment. Group Insurance in itself accomplishes a condition of goodwill among employees and between employees and the employer. Moreover, the very fact that the employer has seen the justice of installing such a policy indicates to employees that the spirit of fairness prevails and that a fair complaint will receive a fair adjustment.

4. *Group may be used as one means of profit distribution.*

One of the five main rights of industry already alluded to is an equitable method of profit distribution. The question of profit distribution is always up. Some one is always devising

a new method of practical profit distribution but the results are usually found to be impractical. However, one safe form of profit distribution, be it that the distribution is only a very small part of the profit, may be that of provision for protection. After all, the distribution of profit should bring to the wage-earners who have made that profit possible an added amount of money and an added freedom in the use of that money.

In purchasing a Group Insurance Policy for his employees, the employer is releasing to the employee certain funds of money. If we consider that the Group Insurance is accepted by the employee as a substitute for Life Insurance, we argue for Group Insurance that it is a just measure because it provides one of the necessities of life for people at easier terms than they could provide it for themselves were they standing alone. Regarding Life Insurance as a necessity, we assume that it is one of the things that under our present condition of civilization a man should consider as his birthright.

Effective Profit Distribution by whatever plan must not be regarded in any sense a substitute for the payment of the full going rate of wages.

In order that profit distribution may be most effective, it is important that a fixed basis or plan of distribution be announced in advance.

The amount distributed should be sufficiently large to stimulate and hold the interest of the employees.

Forms of profit distribution are bonuses.

Sickness, Compensation Insurance, thrift, home and stock ownership and pensions—these features are fast coming to be regarded as legitimate items of operating expense. They are an additional reward to the employee over and above his regular wage and are entitled to classification as forms of profit distribution. Understand, here, that we are not considering the principle of profit sharing. The distinction between profit distribution and profit sharing is that profit sharing bears a certain definite relation in percentage to the actual profits made on the business. Profit distribution is a predetermined amount fixed at the will of the management usually with the right reserved at any time to withdraw the benefits accrued and make a new arrangement.

Sickness Compensation through an adequate plan for wage-earners as well as for salaried employees is especially a desirable method of distributing profits. It is effective in promoting stability of employment and loyalty of employees.

Group Insurance is effective in promoting a feeling of security in the minds of employees by removing one of their causes for worry. It furnishes a uniform and consistent method of making payments to surviving dependents.

5. *Group encourages the buying of stock and stock ownership.*

Many companies make it possible for its employees to purchase company stock on easy

terms but as labor becomes more educated and so increasingly realizes the economic value of insurance, it will be more and more insistent upon having insurance—Life, Accident and Sickness. With a Group Insurance Policy installed in a plant the employees no longer need to take thought for paying for their Life Insurance and are in a better position to take advantage of the opportunities offered by the company to purchase stock and shortly realize the profit equal to that received by outsiders but bought at far less cost.

6. *Group is independent of any bonus plans.*

Bonus plans are of great use in many plants, as a system of payment for increased production or unusual attendance records, and are greatly used to promote the interest of the employee in the organization. These bonus plans are real pay for one service or another. It is only fair that the systems should be highly developed and enforced so that each man and woman will receive pay in proportion to what he or she brings to the work of the organization. A Group Insurance plan in no way disturbs these systems in their working. It covers all or all of any class impartially and its benefits are automatic. It is simply another fair turn in the conditions of employment.

7. *Group clears the way for home ownership.*

In line with what we have said concerning the making possible of accumulations of savings,

the Group Policy is a great encouragement in the purchase and ownership of a home not only because of the financial let-up but because Group while encouraging continuity of employment thereby encourages the ownership of a home.

This outline is intended to show the relationship between Group Insurance and other industrial relations activities. We have considered this insurance in the light of the interests of the employer. Naturally, an employer who finances an industrial relations department is interested in that department second only to production. Today employers must consider their employees first—over and above the interests of industry.

The employer is as much concerned with human measures as with efficiency schemes in production control. This for the two reasons that industry is developing a heart and that consideration is productive. For these reasons employers in daily increasing numbers are finding a gratifying use for Group Insurance. In the contract itself there are innate values and benefits, and protection for employees at the smallest cost known in the entire insurance field.

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